

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

11/25/20
04:59 PM

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902-E) for Approval of its 2021
Electric Procurement Revenue Requirement
Forecasts and GHG-Related Forecasts

Application 20-04-014

**REPLY OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) TO COMMENTS
REGARDING NOVEMBER UPDATE APPLICATION**

Roger A. Cerda
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Telephone: (858) 654-1781
Facsimile: (619) 699-5027
Email: rcerda@sdge.com

Attorney for
SAN DIEGO GAS & ELECTRIC COMPANY

November 25, 2020

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	SDG&E’S REPLY TO ISSUES RAISED BY THE CCA PARTIES.....	4
A.	SCOPING ISSUE NO. 1 - Whether the Commission should approve SDG&E’s total 2021 forecast revenue requirement of \$920.317 million and the amount of the 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2021	4
1.	SDG&E is Required to Use the Billing Determinants that have been Approved by the Commission in its Authorized 2019 Sales Forecast to Determine Rates Until a New Sales Forecast is Approved	5
2.	SDG&E Is Not Authorized to Update Its Sales Forecast Outside of the GRC Phase 2 Proceeding	7
3.	SDG&E’s 2021 Energy Requirements Forecast is Not the Equivalent of its Authorized Sales Forecast	9
B.	SCOPING ISSUE NO. 9 – Whether the Commission should approve SDG&E’s proposed vintage Power Charge Indifference Adjustment in rates	12
1.	The “Prior Year’s PCIA” in D.18-10-019 Correctly Means the PCIA Rates That are in Effect as of the Time SDG&E Submits its November Update	12
2.	Issues Regarding Recovery of the CAPBA Balance Are Beyond the Scope of This Proceeding	15
3.	Issues Regarding Administration of the 2020 CAPBA “Refund” Are Also Beyond the Scope of this Proceeding.....	16
III.	CONCLUSION.....	16

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of SAN DIEGO GAS & ELECTRIC
COMPANY (U 902-E) for Approval of its 2021
Electric Procurement Revenue Requirement
Forecasts and GHG-Related Forecasts

Application 20-04-014

**REPLY OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) TO COMMENTS
REGARDING NOVEMBER UPDATE APPLICATION**

Pursuant to the July 6, 2020 Scoping Memo and Ruling of Assigned Commissioner, San Diego Gas & Electric Company (“SDG&E”) respectfully files these comments in reply to the joint comments of San Diego Community Power (“SDCP”), Clean Energy Alliance (“CEA”) and the California Community Choice Association (“CalCCA”) (collectively the “CCA Parties”) that were filed on November 18, 2019 in response to SDG&E’s November 6, 2020 Energy Resource Recovery Account (“ERRA”) Update Application (“November Update”). No other parties filed comments. SDG&E replies to each issue raised by the CCA Parties below and submits that the record of this proceeding allows for the imminent issuance of a Proposed Decision, followed by a Final Decision in December to allow for the timely implementation of rates on January 1, 2021.

I. INTRODUCTION

SDG&E appreciates the CCA Parties’ review of the various complex issues raised in this ERRA Forecast Proceeding. However, many of the concerns raised in their comments to the November Update deal with issues that are either outside the scope of this proceeding and/or are currently being litigated by numerous parties in other proceedings before the Commission. SDG&E objects to the CCA Parties’ efforts to introduce and litigate these issues in this proceeding (especially at this late juncture) via their comments. Doing so would not only contradict explicit Commission rulings but would also undermine and potentially nullify a significant amount of time, resources and efforts by the Commission and intervening parties in other proceedings to

resolve those issues in the appropriate docket. Introducing these issues at this juncture would also serve to delay the Commission's expected December ruling in this proceeding and in turn delay SDG&E's ability to implement rates on January 1.

For example, the CCA Parties challenge SDG&E's use of the approved billing determinants set forth in its 2019 authorized Sales Forecast to calculate 2021 commodity rates for bundled customers. Instead, the CCA Parties suggest that SDG&E replace the approved bundled billing determinants set forth in its 2019 authorized Sales Forecast with SDG&E's 2021 Energy Requirements Forecast, since that forecast captures CCA load departure. However, SDG&E's internally developed 2021 Energy Requirements Forecast is not an appropriate substitute for the authorized Sales Forecast as it has not been vetted by other parties or approved by the Commission. More importantly, SDG&E's internally prepared Energy Requirements Forecast does not contain the billing determinants at the rate schedule level which are necessary to develop SDG&E's rates. It also does not contain system net sales or delivered sales and is therefore not a useful tool for developing fair and accurate rates. Several of the components of the Energy Requirements Forecast would need to be transformed and conditioned to be used to derive the proper bundled rate schedule level billing determinants necessary to create customer commodity rates for 2021, and that process is not a quick one as explained below. Moreover, that process would be tantamount to developing an updated sales forecast, the very same issue that is currently being litigated in Phase 2 of SDG&E's General Rate Case (A.19-03-002) ("GRC Phase 2"). Yet, the Commission has *explicitly ordered* SDG&E to submit its updated 2021 Sales Forecast for approval in its GRC Phase 2 – not ERRR. There are approximately 14 participants in the GRC Phase 2 and SDG&E's proposed 2021 Sales Forecast is a highly contested issue that has yet to be approved by the Commission. Thus, SDG&E has no alternative but to use its 2019 authorized

Sales Forecast until the Commission approves an updated sales forecast in the GRC Phase 2 proceeding.

In addition, the CCA Parties ask the Commission to address several issues regarding SDG&E's currently pending Power Charge Indifference Adjustment ("PCIA") Trigger Application Proceeding (A.20-07-009) in this 2021 ERRR Forecast Proceeding. For example, the CCA Parties ask the Commission to address in this ERRR proceeding how the PCIA undercollection balancing account ("CAPBA") undercollection balance that is pending final approval in the PCIA Trigger Application Proceeding will be recovered in rates. The CCA Parties also ask the Commission to clarify in this ERRR proceeding how the 2020 CAPBA "refund" will be administered to departing customers. While the Commission recently issued a *Proposed Decision* in that PCIA Trigger Application Proceeding, it is not yet final as comments and reply comments have yet to be submitted. Moreover, while the Proposed Decision suggests that certain issues might be "*better suited for SDG&E's ERRR forecast proceeding,*" it does not order that these issues be addressed in the *pending* 2021 ERRR Forecast Proceeding. Indeed, given that the Commission is expected to issue final decisions in both SDG&E's 2021 ERRR Forecast Proceeding and the PCIA Trigger Application Proceeding at the final Commission Meeting of the year (*i.e.*, Dec. 17), SDG&E does not expect that the final decision issued in the PCIA Trigger Application Proceeding is intended to impact the substance or scope this 2021 ERRR Forecast Proceeding that will be closed on that same date.

Accordingly, SDG&E respectfully submits that it has met its burden and made the necessary showing that its 2021 ERRR Forecast Application complies with all applicable Commission rules and directives and that the forecasted revenue requirements set forth therein are reasonable. SDG&E's Application should be approved at the Commission's December 17 meeting to ensure that rates can be implemented by January 1, 2021.

II. SDG&E'S REPLY TO ISSUES RAISED BY THE CCA PARTIES

A. **SCOPING ISSUE NO. 1 - Whether the Commission should approve SDG&E's total 2021 forecast revenue requirement of \$920.317 million and the amount of the 2021 Tree Mortality Non-Bypassable Charge forecast revenue requirement, to become effective in rates on January 1, 2021**

The CCA Parties' primary challenge with respect to Scoping Issue No. 1 is their claim that SDG&E is relying on an outdated sales forecast to calculate its 2021 commodity rate forecast for bundled customers.¹ According to the CCA Parties, SDG&E should not use the approved billing determinants set forth in its authorized 2019 Sales Forecast,² but instead, use SDG&E's internally prepared 2021 Energy Requirements Forecast to derive bundled customer commodity rates for 2021 because the 2021 Energy Requirement Forecast accounts for CCA load departure in 2021.³ However, the CCA Parties' request for an order directing SDG&E to use a non-applicable and unvetted sales forecast to determine bundled customer rates must be rejected for the following reasons:

- SDG&E is required to use the Commission approved billing determinants set forth in its authorized 2019 Sales Forecast to determine customer rates;
- SDG&E is not authorized to update its sales forecast outside of the 2019 GRC Phase 2 proceeding; and
- SDG&E's internal 2021 Energy Requirement Forecast is not an appropriate measure to determine bundled customers' commodity rates as it does not contain any of the necessary billing determinants at the rate schedule level. SDG&E has

¹ CCA Parties' Comments, at pp. 4, 5-11.

² See Decision (D.)18-11-035.

³ CCA Parties' Comments, at pp. 4, 5-11.

not presented rate and bill impacts resulting from this forecast to the Commission or to intervening parties that are part of SDG&E's GRC Phase 2.

SDG&E discusses each of these points in detail below.

1. SDG&E is Required to Use the Billing Determinants that have been Approved by the Commission in its Authorized 2019 Sales Forecast to Determine Rates Until a New Sales Forecast is Approved

As a regulated utility, SDG&E is required to use the billing determinants in the sales forecast that has been authorized by the Commission in forecasting its 2021 commodity rates in ERRR. Using Commission approved billing determinants, which have been vetted by all impacted customer classes, ensures that all customers are charged correct rates. This is not a novel or unique requirement. All of the other investor owned utilities ("IOUs") (*i.e.*, Pacific Gas and Electric Company ("PG&E") and Southern California Edison ("SCE")) use their respective approved sales forecast as the basis for determining their commodity rates.

It would be improper for SDG&E to utilize a non-approved sales forecast to determine customer rates in this ERRR proceeding. Given the uncertainty involved, SDG&E would never show the impact of issues being litigated in a separate application (in this case, the 2021 Sales Forecast being litigated in the GRC Phase 2) even if both applications might theoretically be implemented into rates at the same time. In other words, even if SDG&E's 2021 Sales Forecast was expected to be implemented on January 1, 2021, which is the same time SDG&E is forecasted to implement this application into rates, SDG&E would never show the impact of a currently pending proceeding or one which has no bearing on this application. The whole point of an application is to show the impact to that application *only* (emphasis added). If SDG&E was to begin showing impacts from multiple proceedings it could undermine the Commission's ability to determine if the revenues, and resulting illustrative rates, are appropriate and follow Commission rules and regulation. For this reason, SDG&E keeps all other inputs stagnant unless SDG&E is

requesting authority to update an input in the applicable application so that the information presented can be compared on equal footing.

Moreover, the fact that SDG&E revises *other* inputs in its ERRA Application to reflect its latest load forecast does not mean that it can (or should) revise its sales forecast – which again can only be updated with express Commission approval and currently only in the GRC Phase 2 Proceeding (as explained below). The CCA Parties’ efforts to compare the authorized sales forecast with other metrics used to prepare the November Update is flawed.⁴ And for that reason, the CCA Parties’ accusations of “cherry-picking which forecasts to update” lack merit.

To be clear, SDG&E is only requesting approval for its bundled commodity revenues in this ERRA Application, not approval of the *illustrative* bundled commodity rates or its 2021 Energy Requirements Forecast. The 2021 Energy Requirements Forecast is simply one of many inputs used to calculate the forecasted 2021 ERRA revenue requirements that SDG&E is requesting approval of in this proceeding.

Finally, efforts to compare SDG&E’s ERRA Application with that of PG&E and SCE are flawed as the three IOUs are not similarly situated. First, the CCA Parties omit the fact that both PG&E and SCE have been authorized by the Commission to propose their 2021 sales forecast in their respective ERRA forecast proceedings. SDG&E has not been authorized to do that, but rather has only been authorized to update its 2021 Sales Forecast in its GRC Phase 2 (*see* discussion below). Moreover, it is important to recognize that each of the three IOUs are uniquely situated and their distinct service territories and customer bases, as well as prior Commission rulings, impact how they handle their forecasted revenue requirements and their resulting rates. For instance, as stated below, SDG&E has been expressly instructed by the Commission in D.18-

⁴ CCA Parties’ Comments, at p. 9.

11-035 to update its 2021 Sales Forecast in its next GRC Phase 2. SDG&E is required by law to follow specific Commission rules and regulations as it relates to setting sales forecast and ultimately setting rates to charge all of its customers, regardless of them receiving bundled or unbundled service.

2. SDG&E Is Not Authorized to Update Its Sales Forecast Outside of the GRC Phase 2 Proceeding

In its *Decision on San Diego Gas & Electric Company's 2019 Sales Forecast* (D.18-11-035), the Commission not only approved SDG&E's 2019 Sales Forecast, but also explicitly directed SDG&E to seek approval of future sales forecasts in its next GRC Phase 2 application: ***"SDG&E is ordered to file 2020, 2021, and 2022 sales forecasts for the customer classes in their next General Rate Case Phase II application."***⁵ Notably, the Decision does not authorize SDG&E to implement or otherwise litigate the 2021 Sales Forecast outside of SDG&E's GRC Phase 2 application.

Approval of SDG&E's 2021 Sales Forecast is currently being litigated in its GRC Phase 2 Proceeding (A.19-03-002). For this reason, SDG&E cannot update or address its authorized Sales Forecast in this ERRRA Forecast Proceeding.⁶ There are approximately 14 parties in the GRC Phase 2 Proceeding and the issue of approval of the 2021 Sales Forecast has been a highly contested issue for over a year in which that proceeding has been pending.⁷ Both the parties and

⁵ D.18-11-035, at. p. 12 (emphasis added); *see also* OP 2 ("SDG&E shall file 2020, 2021, and 2022 sales forecasts for its customers classes in its next General Rate Case Phase II application.").

⁶ Ex. SDCP-50 (Response to Data Request 10.07) and reiterated in Ex. SDCP-51 (Response to Data Request 13.02).

⁷ Parties include The Public Advocates Office, the Utility Consumers' Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, The Utility Reform Network, and City of San Diego..

the Commission have dedicated a significant amount of time and resources to address issues regarding the 2021 Sales Forecast.

Indeed, on October 8, 2020, the parties submitted a Joint Motion for Approval of the GRC Phase 2 Settlement Agreement, which specifically addresses SDG&E's 2021 Sales Forecast. In summarizing the terms of the settlement, the Motion seeks approval of SDG&E's 2021 Sales Forecast and recommends that it not be implemented until at least November 1, 2021.⁸ In addition, the settlement requires SDG&E to file a standalone application to update its sales forecast for 2022 and seeks authorization to update its sales forecast on an annual basis via a separate application.⁹ Nothing in the settlement agreement would allow SDG&E to update and implement the 2021 Sales Forecast in either the current or future ERRA forecast proceedings.

SDG&E had originally expected a decision in the GRC Phase 2 proceeding to have been issued by the Commission in mid to late 2020. Unfortunately, that proceeding has been delayed due to various different issues, and at this point, SDG&E is not expecting a final decision until the first quarter of 2021. And even then, the terms of the parties' settlement agreement, if adopted by the Commission, require that the 2021 Sales Forecast not be implemented until at least November 1, 2021.¹⁰ Given the parties' pending settlement agreement and the language of D.18-11-035, it would be improper for SDG&E to attempt to update or seek approval of its 2021 Sales Forecast in the ERRA Forecast Proceeding – especially at this late juncture. Obviously, it would be inappropriate for SDG&E to circumvent the parties' and the Commission's significant efforts in the GRC Phase 2 proceeding by suddenly offering a *second* parallel application that includes an

⁸ Motion for Approval, at p. 7.

⁹ *Id.* at p. 8.

¹⁰ SDG&E filed its 2019 GRC Phase 2 Application, and its resulting 2021 sales forecast, in March of 2019. CCA implementation plans were not submitted to SDG&E until January of 2020. As such, SDG&E's 2019 GRC Phase 2, and its resulting 2021 sales forecast, does not take into consideration load departure in 2021.

updated sales forecast. Again, there are numerous intervenors involved in SDG&E's 2019 GRC Phase 2, many of whom are not a party to SDG&E's 2021 ERRR Forecast Application, and it would be inappropriate of SDG&E to ignore their significant work in that proceeding by offering a second application that includes a sales forecast and undermines their work in the GRC Phase 2.

3. SDG&E's 2021 Energy Requirements Forecast is Not the Equivalent of its Authorized Sales Forecast

Rather than using the approved billing determinants that are set forth in the authorized 2019 Sales Forecast, the CCA Parties ask the Commission to direct SDG&E to derive bundled customers' commodity rates for 2021 using only its 2021 Energy Requirement Forecast.¹¹ However, using the load forecast in the 2021 Energy Requirement Forecast as a substitute for the billing determinants in the authorized 2019 Sales Forecast is improper and would lead to a host of inaccuracies and inconsistencies that would run afoul of several Rate Design Principles. SDG&E cannot simply ignore the approved billing determinants contained in its authorized sales forecast (SDG&E's 2019 Sales Forecast pursuant to D.18-11-035) and replace it with numbers from a different inapplicable forecast that has not been vetted or approved by the Commission and other affected parties.

As an initial matter, the CCA Parties fail to understand the significant differences between the authorized Sales Forecast and an internally prepared Energy Requirement Forecast. SDG&E's 2021 Energy Requirements Forecast included in Stefan Covic's testimony is not equivalent to the 2021 Sales Forecast proposed in SDG&E's 2021 GRC Phase 2. The 2021 Energy Requirements Forecast is a forecast at the "distribution level" that is used to forecast the procurement energy needs to serve SDG&E's bundled customers in 2021. SDG&E has never used this forecast to determine the actual rates it charges its customers. Rather, it is developed internally by SDG&E

¹¹ CCA Parties' Comments, at p. 4.

and is not vetted by other parties nor is it submitted to the Commission for approval. It is simply a forecast comprised at the aggregate system level for SDG&E's bundled load, meaning that it does not break out rate schedule billing determinants. While it is a useful tool to project the expected energy requirements for SDG&E's bundled load in a given year, it is not useful in developing commodity rates that SDG&E ultimately charges its customers. This is because the energy requirements forecast only reflects aggregated bundled sales; it does not reflect aggregated system net sales or aggregated delivered sales, nor does it include any of the necessary billing determinants as discussed below. All three sales types and billing determinants are necessary to develop accurate and fair rates for SDG&E's customers, regardless of whether they are categorized as bundled or unbundled.

The Sales Forecast, on the other hand, is a forecast at the "meter level," mapped to all of SDG&E's rate schedules. SDG&E's sales forecast includes three types of billing determinants: (1) bundled, (2) system net, and (3) delivered. The Energy Requirement Forecast does not include any of these. For this reason, the two forecasts are not equivalent, and one cannot be substituted for the other. One cannot simply swap out the Sales Forecast for the Energy Requirements Forecast and expect to derive correct bundled customer commodity rates for 2021. Several steps would need to be performed and several of the components of the Energy Requirements Forecast would need to be transformed and conditioned to be used to derive the proper bundled rate schedule level billing determinants necessary to create customer commodity rates for 2021. The process of creating the necessary rate schedule level billing determinants requires roughly 4 months for SDG&E to develop due to the complexities involved. For developing commodity rates alone, SDG&E must take into consideration a multitude of inputs like: (1) seasonality; (2) time-of-use ("TOU") periods which vary for certain rate schedules; (3) demand charges; (4) grandfathered TOU periods; and (5) volumetric energy charges. Only after that time can SDG&E create the rate

and bill impacts necessary to present to the Commission and interested parties the impact from the proposed sales forecast.

Furthermore, SDG&E has two types of commodity rates that bundled customers are eligible to take commodity service on. The first type is non-event day commodity rates which is the default commodity schedule for certain customer classes (*i.e.*, residential and lighting class) which can include volumetric energy charges as well as peak demand charges (depending on the class and rate schedule). The second type of commodity rates are SDG&E's dynamic pricing options for all customer classes, which include a Critical Peak Pricing ("CPP") adder instead of an on-peak demand charge in order to support SDG&E's system during times of high demand (*i.e.* hot summer months). When SDG&E develops a sales forecast and its corresponding billing determinants at the rate schedule level, SDG&E has to ensure that non-event day commodity rates as well as dynamic pricing options are revenue neutral to one another. This process is partially mentioned above but requires further development by SDG&E before it can present rate and bill impacts to be vetted and ultimately authorized by the Commission.

The point is that this process of creating the necessary billing determinants out of the load forecast in the Energy Requirement Forecast to be used to derive valid rates would be tantamount to establishing a *de facto* Sales Forecast, which would need to be approved by the Commission and vetted by all interested parties. In other words, the process of converting the Energy Requirements Forecast in a manner that that could be used to derive bundled customer commodity rates would be the same as proposing a sales forecast for approval (*i.e.*, presenting rate and bill impacts). Yet, as noted above, SDG&E is not authorized to implement or propose its sales forecast in ERRR – it is required to submit it in its GRC Phase 2.

As explained above, SDG&E is currently litigating its 2021 Sales Forecast in its 2019 GRC Phase 2 application, which presents declining sales to all three sales types (bundled, system

net and delivered sales). In order to be fair and equitable across all its rate payer classes, SDG&E would be required to update all sales types, which in turn will put upwards pressure on all rates, including SDG&E's proposed PCIA rates. Accordingly, the CCA Parties' recommendation that SDG&E update its bundled billing determinants only, but not its system net and delivered billing determinants, would violate the exact Rate Design Principles they advocate for in their comments – *i.e.*, the need for rates to be stable, understandable, provide customer choice and encourage economically efficient decision-making. Cherry-picking one set of billing determinants to update undermines these principles.

B. SCOPING ISSUE NO. 9 – Whether the Commission should approve SDG&E's proposed vintage Power Charge Indifference Adjustment in rates

With respect to Scoping Issue No. 9, the CCA Parties raise three separate issues that are either outside the scope of this 2021 ERRR Forecast Proceeding and/or are inherently premature.

1. The “Prior Year’s PCIA” in D.18-10-019 Correctly Means the PCIA Rates That are in Effect as of the Time SDG&E Submits its November Update

As SDG&E explained in its Opening Brief and Reply Brief, SDG&E interprets the phrase “*the prior year’s PCIA*” from D.18-10-019 (OP 9(a))¹² to mean the PCIA rates that are *in effect* as of the time that SDG&E submits its November Update. These effective rates ultimately establishes the PCIA rates that are approved in the 2021 ERRR Forecast Application as those PCIA rates clearly constitute the prior year’s PCIA.¹³ For example, if SDG&E’s 2020 PCIA rates (which were established in the 2020 ERRR Forecast proceeding) remain unchanged throughout the year, SDG&E would use those effective rates as the basis for calculating the PCIA rate cap in

¹² D.18-10-019, OP 9(a) provides in pertinent part: “Starting in forecast year 2020, the cap level of the PCIA rate is set at 0.5 cents/kW more than *the prior year’s PCIA*, differentiated by vintage.” (emphasis added).

¹³ SDG&E Opening Brief, at p. 13.

the 2021 PCIA Rates. However, if SDG&E's 2020 PCIA rates were revised during the year as a result of a PCIA trigger application that is approved by the Commission and implemented in 2020, those resulting rates would be considered the effective PCIA rates that are used as the basis for calculating the PCIA rate cap in the 2021 PCIA Rates. This makes sense because not using the current effective PCIA rates as the basis for the cap would set 2021 PCIA Rates at an artificially low level, which in turn would increase the likelihood that the 2021 PCIA Rates hit the cap, increase PCIA rate volatility and essentially render the PCIA trigger mechanism less effective. Moreover, this approach is consistent with how SDG&E treats all rate changes.

Turning a blind eye to the current effective PCIA rates would set PCIA rates artificially low (*i.e.*, below the current effective PCIA rates approved by the Commission in a trigger application), thus increasing the likelihood of hitting the cap quickly and ultimately resulting in SDG&E being required to file another PCIA trigger application. The CAPBA balance would be in a perpetual state of undercollection and repeated triggers – which is obviously not what the Commission intended in D.18-10-019.

In their comments, the CCA Parties seek to re-address the issue, this time by claiming that SDG&E's updated testimony contradicts the original testimony of Stacy Furher and arguing that SDG&E is somehow “changing its position.”¹⁴ The CCA Parties are wrong. In her Updated Testimony, Ms. Furher simply updated the applicable language to match SDG&E's PCIA Undercollection Balancing Account (CAPBA) Preliminary Statement pursuant to AL 3436-E.¹⁵ Clarifying written testimony to match the Commission's approved CAPBA Preliminary Statement, which itself is consistent with language of D.18-10-018, does not equate to a “change

¹⁴ CCA Parties' Comments, at p. 14 (citing Updated Testimony of Stacy Furher at pp. SF-17:14 – SF-18:1).

¹⁵ Ex. SDGE-18 (Updated Testimony of Stacy Furher), at pp. SF-18:1, fn 63. A copy of SDG&E's CAPBA Preliminary Statement can be found at http://regarchive.sdge.com/tm2/pdf/ELEC_ELEC-PRELIM_CAPBA.pdf.

in its position” on substantive policy issues. Moreover, the CCA Parties misconstrue Ms. Furher’s prior testimony as supporting their incorrect interpretation. It does not. Mr. Furher’s prior testimony (filed in April 2020 – 3 months prior to the filing of SDG&E’s PCIA Trigger Application) in no way intended to present SDG&E’s interpretation of D.18-10-019 or specifically how the rates resulting from both of these proceedings impact one another. In fact, Ms. Furher’s prior testimony did not even reference D.18-10-019.¹⁶ It is a stretch to argue that the update to Ms. Furher’s testimony should be construed as SDG&E’s changing course on a substantive issue.

Finally, the CCA Parties argue that the Commission should make clear that the proper baseline for setting the PCIA cap is the rate approved in the prior year’s ERRA forecast proceeding by claiming – without any citation or support – that it is the approach followed by PG&E and SCE and that the Commission should be consistent.¹⁷ SDG&E does not know where the CCA Parties get this argument because it is not SDG&E’s understanding of D.18-10-019 or how SDG&E imagines any IOU would forecast rates against. In fact, it would stand to reason that even the Commission doesn’t believe the CCA Parties assertion as PG&E’s 2020 ERRA overcollection balance, which is proposed to transfer to PABA vintage 2020, would include a one-time transfer which would be excluded from future PCIA cap calculation in order to avoid artificially low rates and higher PCIA cap volumes. Without that one-time transfer language, PG&E would be setting PCIA capped rates against artificially low rates, which as SDG&E explained is not the intent of D.18-10-019.

¹⁶ *Id.* at p. SF-17 (redline reflecting that the reference to D.18-10-19 was not in the Ms. Furher’s original testimony).

¹⁷ CCA Parties’ Comments, at p. 14.

2. Issues Regarding Recovery of the CAPBA Balance Are Beyond the Scope of This Proceeding

The CCA Parties ask the Commission to address in this pending ERRA Forecast Proceeding which specific customer vintages will be responsible for paying the CAPBA adder that the Commission is considering in SDG&E's PCIA Trigger Application (A.20-07-009).¹⁸ However, not only is this issue out of scope for this proceeding, but the Proposed Decision in the PCIA Trigger Application proceeding is not yet final. Comments to the Proposed Decision are due on December 3 and SDG&E does not expect a final decision to be issued until the December 17 Commission meeting. The CCA Parties are actively participating in SDG&E's PCIA Trigger Application and are free to include this request in its Comments to the Proposed Decision due on December 3. However, asking the Commission to take specific actions based on tentative language contained in a Proposed Decision issued in a separate proceeding that is not final at this juncture is both premature and improper.

Moreover, the CCA Parties' statement that the Proposed Decision defers this issue to this docket is not accurate.¹⁹ The dicta on which the CCA Parties rely states:

In this decision we do not rule on SDG&E's argument, made in its reply briefs, that the Commission should require departing customers leaving SDG&E in the middle of 2021 to forgo a refund, as we do not find that is in the scope of this proceeding, ***but instead better suited for SDG&E ERRA forecast proceeding.*** For similar reasons, we also do not adopt SDG&E's proposal for a one-time transfer of the CAPBA overcollection due to bundled customers into the 2020 vintage of PABA.²⁰

Contrary to the CCA Parties' representation, the Proposed Decision does not mention the issue regarding which vintages will be responsible for paying the CAPBA adder. Rather it only mentions the "refund" issue and SDG&E's proposal for a one-time transfer of the CAPBA

¹⁸ CCA Parties' Comments, at pp. 15-16.

¹⁹ CCA Parties' Comments, at p. 15.

²⁰ Proposed Decision (Nov. 13, 2020), at p. 9.

overcollection. Moreover, while this language suggests that these issues are “better suited” for SDG&E’s ERRA forecast proceeding, the Proposed Decision does not order them to be addressed in the ERRA forecast proceeding, much less the *currently pending 2021 ERRA Forecast Proceeding*.

Accordingly, issues regarding the specific implementation of the Proposed Decision issued in the PCIA Trigger Application are premature and out of scope of this current ERRA forecast Proceeding.

3. Issues Regarding Administration of the 2020 CAPBA “Refund” Are Also Beyond the Scope of this Proceeding

Similarly, relying on the same language of the Proposed Decision in SDG&E’s PCIA Trigger Application proceeding, the CCA Parties ask the Commission to clarify in this ERRA Forecast Proceeding how the CAPBA “refund” issue should be administered.

Again, the CCA Parties’ reliance on the Proposed Decision is misplaced as (1) it is not yet final, and (2) it does not order SDG&E to address this issue in the pending 2021 ERRA Forecast Proceeding. At most, the Proposed Decision indicates that this issue is “better suited” for SDG&E’s ERRA forecast proceeding. However, to be clear, this dicta does not order SDG&E to raise the issue in the ERRA forecast proceeding, much less *the pending 2021 ERRA forecast proceeding*.²¹ Should this language remain in the final PCIA Trigger decision, then SDG&E will certainly consider presenting this issue in a subsequent ERRA forecast proceeding. However, for now, the issue is clearly out of scope and premature.

III. CONCLUSION

SDG&E appreciates this opportunity to reply to the parties’ comments and concerns regarding SDG&E’s November Update. The record of this proceeding is now complete, and thus

²¹ Proposed Decision (Nov. 13, 2020), at p. 9.

a Proposed Decision can now be issued that responds to SDG&E's requested relief, which SDG&E respectfully submits should be approved. SDG&E looks forward to receiving Commission approval in December to ensure that it can implement new rates by January 1, 2021.

Respectfully submitted,

/s/ Roger A. Cerda

Roger A. Cerda
San Diego Gas & Electric Company
8330 Century Park Court, CP32D
San Diego, CA 92123
Telephone: (858) 654-1781
Facsimile: (619) 699-5027
Email: rcerda@sdge.com

Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

November 25, 2020